I. Overview of Joint Inspection Unit reports issued in 2017

1. The present report provides a summary of the UNDP management responses to 35 recommendations of the Joint Inspection Unit specifically relevant to UNDP (out of 43 recommendations contained in the relevant reports issued by the Unit in 2017, at the time of the present report), as well as the implementation status of relevant recommendations issued in 2015 and 2016. It draws attention to recommendations made by the Unit in 2017 for consideration by the governing body of UNDP, and to the proposed management responses (see annex II, available on the Executive Board website). The present report provides a summary of the UNDP management response to the Joint Inspection Unit management letter as follow-up to a review of enterprise resource planning from 2012. The complete reports and notes of the Joint Inspection Unit and any additional annexes and comments, e.g., by the United Nations System Chief Executives Board for Coordination (CEB), can be obtained through the Joint Inspection Unit website (http://www.unjiu.org) or through the hyperlinked titles of each report in chapter II. Comments of the CEB available at the time of drafting of the present report have also been included.

2. Six reports and one management letter issued in 2017 (at the time of the present report) contain 35[1] recommendations that are of direct relevance to UNDP. They are: (a) Donor-led assessments of the United Nations system organizations (JIU/REP/2017/2); (b) Review of air travel policies in the United Nations system: achieving efficiency gains and cost savings and enhancing harmonization (JIU/REP/2017/3); (c) Outcome of the review of the follow-up to the Joint Inspection Unit reports and recommendations by the United Nations system organizations (JIU/2017/5); (d) Results-based management in the United Nations development system: analysis of progress and policy effectiveness (JIU/2017/6); (e) Review of donor reporting requirements across the United Nations system (JIU/REP/2017/7); (f) Review of mechanisms and policies addressing conflict of interest in the United Nations system (JIU/REP/2017/9); (g) Follow-up to 'Review of enterprise resource planning (ERP) systems in United Nations organizations' (JIU/ML/2017/1).

II. Synopsis and review of relevant Joint Inspection Unit reports and recommendations in 2017

3. The management responses to the relevant recommendations in the reports are provided below. Annex I contains a statistical summary of reports issued by the Joint Inspection Unit in 2017, and annex II contains proposed management responses to recommendations directed to the Executive Board as the governing body of UNDP. Annexes III and IV provide information on the implementation status of recommendations issued in 2016 and 2015. (Annexes are available on the Executive Board website.)

A. Donor-led assessment of the United Nations system organizations (JIU/REP/2017/2)

4. The review analyses the various approaches, arrangements and practices in place regarding donor-led assessments in the United Nations system, and the identification of areas of common challenges and concerns. The review concludes that United Nations system organizations have to dedicate considerable resources, mainly staff and time, for their involvement in donor assessments. This consists of: (a) providing information and documentation; (b) explaining the organization's regulatory frameworks and procedures; (c) planning and conducting detailed senior-level

[1] The one recommendation of the management letter "Follow-up to 'Review of enterprise resource planning (ERP) systems in United Nations organizations" (JIU/ML/2017/1) is not under the sole remit of UNDP and is for consideration by the CEB.

interviews and meetings during the visit of the review team; (d) seeking and securing the cooperation and participation of programme country institutions and stakeholders; (e) ensuring adherence to the public disclosure and confidentiality policy of the organization; (f) providing customized programmatic and financial reports; (g) providing comments and management responses to reports; and (h) implementing remedial actions in response to observations and recommendations of the assessment. The review recognizes that the transaction costs associated with these donor assessments may divert substantial resources from the United Nations system organizations' core activities (CEB comments[2] available in A/72/298/Add.1).

5. UNDP is appreciative of the review's examination of how both donors and organizations can benefit from adopting a more consultative approach in conducting donor assessments. UNDP agrees with the review's conclusion that such an approach can contribute substantially to organizational learning, reform and improvement. As such, the review calls for more robust collaboration between organizations and donors in the planning phase and subsequently, in the actual conduct of the assessments. It also calls for coordination among donors on the one hand, and among United Nations system organizations on the other, to address commonalties and avoid duplication. UNDP also appreciates that the review underscores the need for a strategic dialogue between the donors and the organizations.

6. All six recommendations issued are of relevance to UNDP. Recommendations 3, 4 and 6 are directed to the Administrator and are discussed below. Recommendations 1, 2 and 5 are directed to the Executive Board for consideration and are discussed further and commented on in annex II. UNDP welcomes the six recommendations which are actionable in scope and aim to further enhance strategic dialogue, coordination and transparency in donor-led assessments of United Nations system organizations.

7. *Recommendation 3* states that *the executive heads of the United Nations system organizations should designate, on the basis of the volume and variety of donor reviews, an appropriate central function in their respective organizations for coordinating the multiplicity of donor assessments, managing the information provided to donors, standardizing communications, ensuring consistency and tracking the follow-up action on findings and recommendations by the responsible organizational units.* In UNDP, donor assessments are coordinated by the Partnerships Group, Bureau for External Relations and Advocacy. However, UNDP would like to note, as flagged in the comments of the Secretary-General and the CEB on this review (A/72/298/Add.1, paragraph 13), tracking recommendations is different from implementing them, and the responsibility for implementing actions and achieving results is spread across many operational units. A central unit can thus be the custodian of the recommendations but cannot be responsible for successful implementation even with expanded capacity. Bearing this in mind, UNDP accepts recommendation 3 and highlights that it has been implemented.

8. *Recommendation 4* states that *the executive heads of the United Nations system organizations should engage with donors to determine the key elements in their assessments and should encourage their audit and evaluation bodies, with due regard for their independence, to consider taking these elements into account in their risk assessments and workplans, in order to avoid potential duplication and overlap.* UNDP supports the recommendation. UNDP already engages with donors to discuss elements of their assessments, and the work of the Independent Evaluation Office (IEO) and Office of Audit and Investigations (OAI) covers performance areas commonly

[2] Hyperlinks to comments by the CEB that were available at the time of publication are provided throughout this report.

included in donor-led assessments. Bearing this in mind, UNDP accepts recommendation 4 and highlights that it has been implemented.

9. *Recommendation 6* states that *the executive heads of the United Nations system organizations and the Secretary-General, in the context of the CEB, should develop a common position for initiating a high-level dialogue with donors to determine shared priorities and define a multi-stakeholder assessment platform with a robust framework and methodology to capture a collective reflection of an agency's performance and reduce the need for additional bilateral assessments.* UNDP supports the need for strategic dialogues with Member States to define a multi-stakeholder assessment platform that considers the needs of all Member States, with a robust framework and methodology set by the Executive Board, to capture a collective reflection of an agency's effectiveness and reduce the need for additional bilateral assessments. UNDP welcomes efforts to define a common position for multi-stakeholder assessment in the context of the CEB, while recognizing that it might take time for the CEB to collectively agree. Bearing this in mind, UNDP highlights that the recommendation is under consideration.

B. Review of air travel policies in the United Nations system: achieving efficiency gains and cost savings and enhancing harmonization (JIU/REP/2017/3)

10. The review assesses relevant air travel policies, rules and practices and to examine their implementation across United Nations system organizations with a view to:

(a) enhancing the efficiency and effectiveness of travel management;

(b) increasing accountability and transparency among managers who approve travel, taking into account travellers' productivity, safety and security;

(c) promoting and increasing coordination and cooperation among organizations; and

(d) identifying good practices and lessons learned in order to promote, where possible, the harmonization of practices across the United Nations system (CEB comments available in A/72/629/Add.1).

11. Three of the nine recommendations are of relevance to UNDP. Recommendations 4 and 5 are directed to the Administrator and recommendation 1 is directed to the Executive Board for consideration.

12. *Recommendation 4* states that *the executive heads of the United Nations system organizations, that have not yet done so, should ensure by 2019 that effective measures are taken to enforce and monitor compliance with an advance purchase policy, including incorporation of advance planning rules and key performance indicators in travel policies that are regularly measured.* UNDP conducted an in-depth analysis of the savings opportunities associated with the advance purchasing of tickets and has further emphasized the need for advance planning and ticket purchase. UNDP recently revised its policy on travel allowances and expenses (available at this link) to reflect a 14-day advance purchase guideline for economy class tickets and 21-day advance guideline for business class tickets. A query has been developed in the UNDP Atlas enterprise resource management system that identifies how far in advance a travel request has been approved prior to the commencement of travel, enabling business units to monitor their performance against the guideline. Bearing this in mind, UNDP accepts recommendation 4 and highlights that it has been implemented.

13. *Recommendation 5* states that *the executive heads of United Nations system organizations should schedule periodic monitoring and assessment to ensure conformity with their own air travel policies, conduct periodic risk assessments and identify measures for further efficiency gains by their next budgetary cycle.* UNDP regularly reviews its travel policies and related work flows to modernize and deliver

efficiencies within the context of the overall travel programme. The reviews have resulted in three policy revisions in the last five years. Bearing this in mind, UNDP accepts recommendation 5 and highlights that it has been implemented.

C. Outcome of the review of the follow-up to the Joint Inspection Unit reports and recommendations by the United Nations system organizations (JIU/REP/2017/5)

14. This review is the second phase of a Joint Inspection Unit review of follow-up to the Unit's recommendations by each participating United Nations entity (including UNDP) through single organization management letters which the Unit issued in 2016. Building on the results of the first phase, the second phase draws lessons from the issues affecting the follow-up process of JIU recommendations by participating organizations and identifies good follow-up practices to enhance its functioning system-wide. It also follows-up on the suggestions and recommendations made in the management letters (CEB comments available in A/72/704/Add.1).

15. Six of the seven recommendations issued are of relevance to UNDP. Recommendations 1, 2, 5, 6 and 7 are directed to the Administrator and recommendation 4 is directed to the Executive Board for consideration.

16. *Recommendation 1* states that *the executive heads of organizations who have not yet done so should enhance the consideration of [Joint Inspection Unit] reports/recommendations by their respective legislative bodies, in line with best/good practices identified, by the end of 2018.* UNDP is compliant with this recommendation, as it reports annually to its Executive Board on the implementation of the Unit's recommendations through the annual report of the Administrator. Bearing this in mind, UNDP accepts recommendation 1 and highlights that it has been implemented.

17. *Recommendation 2* states that *the executive heads of organizations who have not yet done so are requested to propose to their legislative bodies a concrete course of action to be taken with respect to the recommendations of the Joint Inspection Unit addressed to these bodies, especially with regard to system-wide and several organization reports, by the end of 2018.* UNDP is compliant with this recommendation as its annual report on the implementation of the Unit's recommendations contains proposed management responses to recommendations to the Executive Board as the governing body of UNDP. Bearing this in mind, UNDP accepts recommendation 2 and highlights that it has been implemented.

18. *Recommendation 5* states that *the executive heads of organizations who have not yet done so should introduce appropriate verification and monitoring procedures on the implementation of prior years' accepted [Joint Inspection Unit] recommendations until their full implementation, by the end of 2018.* UNDP is compliant with this recommendation, as it verifies and monitors whether the actual implementation of recommendations is subject to issuance/updates of policies/guidelines or relevant documents, as applicable, prior to updating the implementation status of ongoing recommendations in the Unit's web-based tracking system. Additionally, as mentioned in the comment to recommendation 4 (see annex II), UNDP has introduced a corporate indicator for monitoring the implementation rate of Joint Inspection Unit recommendations through its corporate results-based planning, monitoring and reporting system, the integrated results and resources framework (IRRF) of the Strategic Plan, 2018–2021. Bearing this in mind, UNDP accepts recommendation 5 and highlights that it has been implemented.

19. *Recommendation 6* states that *the executive heads of organizations, when considering [Joint Inspection Unit] recommendations intended to enhance coordination and cooperation, should propose the inclusion of the consideration of*

these recommendations on the programme of work of CEB and its applicable mechanisms with a timeline for taking a decision, with effect from 2019. The executive heads do not set the programme of work or agenda of the CEB, which are shaped by the Secretary-General in the scope of the three CEB mechanisms: the High-Level Committee on Management (HLCM), High-Level Committee on Programmes and United Nations Development Group. A recommendation that the CEB consider this recommendation should come through the HLCM, as it is closer to its mandate. Bearing this in mind, UNDP notes that recommendation 6 is under consideration since it is for the consideration of the CEB and its not the sole remit of UNDP.

20. *Recommendation 7* states that *the executive heads of organizations who have not yet done so should establish a direct reporting line from the [Joint Inspection Unit] focal point to top management.* UNDP is compliant with this recommendation, as the focal point function is discharged by the Director of the Bureau for Management Services who reports directly to the Administrator. Bearing this in mind, UNDP accepts recommendation 7 and highlights that it has been implemented.

D. Results-based management in the United Nations development system: analysis of progress and policy effectiveness (JIU/2017/6)

21. This review addresses the following three objectives:

(a) examines the progress/development of results-based management (RBM) in the United Nations system;

(b) identifies the impact/outcomes obtained from RBM on organizational effectiveness;

(c) identifies actions and measures that would support the development of RBM within and across United Nations system entities.

The review's analysis expands well on the role of leadership to ensure a culture of results and learning, and to promote more critical thinking. The review flags that incentive systems are missing to effectively promote accountability for results, while also promoting accountability for transformative learning and innovation.

22. UNDP is appreciative of the review's call for being realistic about what can be expected from RBM. The agencies can learn how to use evidence better to improve their effectiveness and inform decision-making, but decisions will continue to be based on more than just evidence. Evidence is just one part of what influences decisions, especially in the United Nations system, where political and strategic considerations, expert opinions, stakeholders' demands, public pressure and above all resource constraints come into play. It is important to note that since the review was done in 2015, based on data for the period 2010-2015, many organizations may have already moved forward with entrenching the RBM culture in their programmes and operations. UNDP has made substantial progress in the use of evidence, the introduction of the social and environmental standards, the quality assurance system, and theory of change, all of which are important components of UNDP results-based management of programmes and projects.

23. Six of the seven recommendations issued are of relevance to UNDP. Recommendations 1, 2, 3, 4, and 5 are directed to the Administrator and recommendation 6 is directed to the Executive Board for consideration.

24. *Recommendation 1* states that *executive heads who have not already done so should develop a well-defined, comprehensive and holistic strategy to guide the mainstreaming of results-based management within and across organizations.* The Strategic Plan, 2018-2021 prioritizes streamlining the UNDP business model and processes with the aim to ensure that learning and managing for results are driving the organization's performance. UNDP is in an advanced stage of finalizing the reform of

its RBM system with the simpler and streamlined IRRF, quality programming policy and rating system in place, a solid corporate planning system fostering programme and project management (PPM) and a full revision of the PPM prescriptive content. This progress was acknowledged by the IEO and OAI through the RBM audit, assessment of institutional effectiveness and evaluation of the Strategic Plan, 2014-2017. Bearing this in mind, UNDP accepts recommendation 1 and highlights that it is in progress.

25. *Recommendation 2* states that *executive heads, including the Secretary-General, in his capacity as Chair of the CEB, should consider establishing a backbone support function to ensure that the vast range of innovations introduced in results-based management across the United Nations system are captured, supported, assessed for value and shared for adoption system-wide.* Recognizing that the improvements are needed, UNDP has participated actively in the CEB discussions. In 2014, UNDP established the Development Impact Group in the Bureau for Policy and Programme Support to ensure that innovations introduced in RBM are captured, supported and adopted UNDP system-wide. For instance, UNDP introduced an innovative performance monitoring mechanism, the performance report card, in the annual report of the Administrator, a snapshot of UNDP performance against annual milestones of the IRRF indicators with performance "traffic lights". The report card was highly regarded by Executive Board members and adopted by the United Nations Children's Fund (UNICEF), United Nations Population Fund (UNFPA) and United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women); the four agencies have learned from one another in the process. In addition, United Nations country team members put together all instruments, policies and systems in the mainstreaming, acceleration and policy support tools that could be relevant to Governments in the implementation of the Sustainable Development Goals. Some of the RBM practices that UNDP has developed, such as programme quality standards, social and environmental safeguards, monitoring and evaluation methodologies and innovative approaches, will be further shared with Governments for use in the pursuit of sustainable development. The country platform that UNDP is establishing under the Strategic Plan, 2018-2021 is an immediate response to this recommendation. Bearing this in mind, UNDP accepts recommendation 2 and highlights that it has been implemented.

26. *Recommendation 3* states that *executive heads should strengthen the development of the culture of results by including in their respective capacity development agendas a focus on enhancing the mindset and value systems that are important for enhancing staff commitment and engagement in implementing results-based management.* This recommendation is aligned with the recommendations of the assessment of institutional effectiveness (IEO, OAI) and evaluation of the Strategic Plan, 2014-2017 (IEO). It is important to note that linking results to individual performance and also feeding back to results reporting units with lessons would help to generate a stronger results culture. The incentive system needs to change to ensure that mindsets change as well. UNDP continues to conduct training and joint workshops with IEO on evidence-based programming, and to engage closely with regional bureaux RBM focal points to better integrate RBM and evaluation findings in decision-making. Bearing this in mind, UNDP accepts recommendation 3 and highlights that it is in progress.

27. *Recommendation 4* states that *executive heads should ensure that the future development of approaches to staff accountability and human resources management incorporates more consideration of managing for achieving results, including the development of incentive systems that promote both accountability for results and accountability for transformative learning and innovations at all levels.* Accelerating performance and achievement of results has always been the key objective of UNDP individual performance management. The new policy on performance management

and development reiterates this commitment. The policy is very explicit about accountability for performance. Also, UNDP has included innovation in its core competency framework and every staff member is assessed annually on his/her proficiency in this area. Bearing this in mind, UNDP accepts recommendation 4 and highlights that it has been implemented.

28. *Recommendation 5* states that *executive heads should make the use of information on results, including evidence resulting from evaluation, a strategic priority.* To develop the Strategic Plan, 2018-2021, UNDP fully utilized the results and evidence collected through the RBM practice (IRRF indicator performance, qualitative results reported in country office results-oriented annual reports and a number of evaluations, including the evaluation of the Strategic Plan and global and regional programmes, 2014-2017 and the assessment of institutional effectiveness). Bearing this in mind, UNDP accepts recommendation 5 and highlights that it has been implemented.

E. Review of donor reporting requirements across the United Nations system (JIU/REP/2017/7)

29. In view of the continuous growth and proportion of other resources (non-core) funding to the United Nations system, and the increase in reporting and reporting requirements and the demands of donors for greater accountability, transparency and visibility, the Joint Inspection Unit has reviewed the donor reporting requirements for voluntary (other resources) contributions across the United Nations system. The review included the United Nations, the United Nations funds and programmes, specialized agencies and the International Atomic Energy Agency, which benefit from voluntary contributions and are thus affected by donor reporting requirements at the global, interregional and/or national levels.

30. The objectives of the review were to:

(a) map and assess the types and defining characteristics of donor reports (both financial and programmatic/narrative/technical/ substantive reporting);

(b) examine the rationale for requiring such reports;

(c) identify the regulatory framework, organizational policies and agreements on the basis of which donors seek additional reporting;

(d) ascertain the degree to which donor requirements could be satisfied by existing standard reporting and oversight processes;

(e) examine the issue of transaction costs for the United Nations system organizations for reporting to donors;

(f) examine ways of further enhancing transparency and accountability;

(g) explore how donor reports could be more effectively planned, coordinated and budgeted to achieve the objectives of all stakeholders;

(h) explore possibilities for standardization and streamlining, improved coherence and development of a common report template.

31. The review does not examine in depth the specific practices of individual donors and/or United Nations system organizations; rather it looks at donor reporting and related issues holistically. All seven recommendations are of relevance to UNDP. Recommendations 2, 3, 4, 5 and 6 are directed to the Administrator and recommendations 1 and 7 are directed to the Executive Board for consideration.

32. *Recommendation 2* states that *the executive heads of the United Nations system organizations that have not yet done so should put in place measures for ensuring that partnership agreements, concluded at the corporate level with the donors and at the corporate and field levels for individual programmes and projects, spell out the needs and*

requirements of the donors and the mutual commitments of the organizations and the donors, with respect to the details of reporting on the use of funds provided. The UNDP partnership framework agreement and cost-sharing agreement have provisions for donor reporting, including annual and final progress reports and annual and final certified financial reports. The cost-sharing agreement templates have clear clauses on needs and requirements of donors and mutual commitments in respect of details of reporting on the use of funds. UNDP appreciates the finding that finance, legal and other relevant offices of the organization should be consulted during the negotiation and clearance process, to ensure that the agreement contains reporting requirements with which the organization can comply and that do not create significant additional transaction costs. Bearing this in mind, UNDP accepts recommendation 2 and highlights that it has been implemented.

33. *Recommendation 3* states that *the executive heads of the United Nations system organizations should encourage better access to, and dissemination and exchange of, information concerning donor reporting among the Member States and ensure that every organization maintains a corporate repository for all contribution agreements and donor reports.* UNDP partnership framework agreements are maintained on the corporate intranet and cost-sharing agreements in a central document management system repository. In addition, the certified financial reports submitted annually to the donors are available to offices on the corporate Intranet. UNDP wishes to highlight that over the past years, it has demonstrated strong commitment and leadership in ensuring transparency. In its transparency portal (open.undp.org), UNDP publishes its project information and financials, including donor reports. UNDP also hosts the secretariat of the International Aid Transparency Initiative and leads efforts to enhance usage of its data on donor funding by Member States and partners. Bearing this in mind, UNDP accepts recommendation 3 and highlights that it has been implemented.

34. *Recommendation 4* states that *the executive heads of the United Nations system organizations that have not yet done so should regularly update guidance on donor reporting and put in place measures for professional skills development and training needed for reporting to donors, for personnel at headquarters and in the field.* Currently, most management training covers major reporting including to donors. UNDP has updated its guidance on donor reporting as part of its review of the programme and operations policies and procedures, and donor reporting is covered as part of the mandatory training for programme and project management. UNDP has made considerable efforts to strengthen the quality of reporting across the organization, including the use of evidence and data in reporting. Through rigorous quality assurance of results reported through the IRRF and results-oriented annual reports, UNDP has significantly improved the quality of the data collected and the results analysis reported to the Executive Board and to multilateral or bilateral donors. Bearing this in mind, UNDP accepts recommendation 4 and highlights that it has been implemented.

35. *Recommendation 5* states that *the executive heads of the United Nations system organizations that have not yet done so should systematically pursue discussions with donors with a view to include in the provisions of donor agreements the additional costs and resources associated with coordinating and supporting donor reports.* Standard donor reporting costs are covered by direct project costs and programme support costs, which are discussed with the donors and included in the cost-sharing agreement. The agreement has a clause to provide more frequent reporting at the expense of the donor. Bearing this in mind, UNDP accepts recommendation 5 and highlights that it has been implemented.

36. *Recommendation 6* states that *the Secretary-General and executive heads of other United Nations system organizations, in the framework of the CEB, should develop and adopt a common report template accommodating the information needs, demands and requirements of donors and the regulatory frameworks and capacities of the organizations,*

as a basis for negotiations with donors. UNDP supports the recommendation, noting that as mentioned in the review, a common report template may be more feasible for financial reporting (e.g., most donors accept UNDP certified financial reports as a common template) than for programmatic reports because of organizations' differing mandates and business models. As mentioned, UNDP already submits certified financial statements which meet the needs of most donors. If a common reporting template is to be adopted, it will require additional cost to UNDP to change the current reporting system. In addition, United Nations agency data published by the International Aid Transparency Initiative should be used as a common platform for monitoring, reporting and negotiations with donors. Bearing this in mind, UNDP highlights that recommendation 6 is not relevant.

F. Review of mechanisms and policies addressing conflict of interest in the United Nations system (JIU/REP/2017/9)

37. The objectives of the review were to: (a) assess to what extent the United Nations system organizations have in place adequate regulatory frameworks for addressing conflicts of interest; (b) assess the mechanisms and practices currently in place that address existing and potential conflicts of interest; (c) identify gaps and challenges, and propose solutions appropriate to the United Nations system organizations; (d) examine internal and inter-agency synergies, their impact in addressing conflicts of interest across the system, and make suggestions for their improvement or reinforcement; and (e) identify and disseminate best/good practices in addressing conflicts of interest at all stages: prevention, mitigation, resolution and/or sanction.

38. All six recommendations are of relevance to UNDP. Recommendations 1, 2, 4 and 5 are directed to the Administrator and recommendations 3 and 6 are directed to the Executive Board for consideration.

39. *Recommendation 1* states that *executive heads of the United Nations system organizations should direct their officials entrusted with the ethics function to map the most common occurrences and register the risks of situations exposing their respective organizations to organizational conflicts of interest, no later than December 2019.* While this appears to be an interesting proposal, it should be noted that since ethics offices are not expert in the programmatic aspects of their organizations, they are generally not involved in resolving or addressing organizational conflicts of interest. Bearing this in mind, UNDP highlights that recommendation 1 is not relevant.

40. *Recommendation 2* states that *executive heads of the United Nations system organizations who have not yet done so should direct their human resources services to introduce a mandatory conflict of interest disclosure form that should be signed by staff members, along with their declaration of office, by all staff members and other types of personnel joining an organization, whether in a short- or long-term capacity. The form should be developed with the assistance of the ethics function of the respective organization and with other functions, as appropriate, and in consultation with any future inter-agency forum.* UNDP is the first agency to have implemented this recommendation and introduced a mandatory conflict of interest disclosure form. Bearing this in mind, UNDP accepts recommendation 2 and highlights that it has been implemented.

41. *Recommendation 4* states that *executive heads of the United Nations system organizations who have not yet done so, in consultation with the Legal Network of the United Nations system organizations, should take the necessary steps to introduce, by December 2019, adequate legal clauses in contractual agreements with their staff and non-staff, as appropriate, binding them to the period of restriction set for their function that prohibits them from engaging in clearly defined post-employment activities for the duration of that period of time.* From a human resources perspective, the inclusion of restrictive clauses in employment contracts may act as a disincentive to accept employment with the United Nations. This is especially true of an organization such as UNDP which is increasingly

employing personnel on shorter-term contractual modalities rather than long-term appointments. In a recruitment environment where short-term expertise and talent are needed and there is intense competition for such staff, including a restrictive post-employment clause which cannot be enforced does not make strategic sense. UNDP notes that similar provisions for procurement roles have been in place since 2006, but the report of the International Civil Service Commission, while highlighting the issues, does not indicate how pervasive the problem is. UNDP highlights that it has conflict of interest clauses in its bidding documents and evaluation procedures, meaning that every time a staff member participates in an evaluation process, he/she is reminded on conflict of interest with regard to procurement. UNDP has also included the post-employment restrictions of the United Nations in its new bidding templates to be released in 2018. From a practical perspective, the UNDP Office of Human Resources does not have the resources to monitor the post-employment movements of former staff and contractors to enforce such clauses (if they are enforceable). As such, any inclusion of such clauses should be limited to roles shown to have an issue with "revolving door" employment and which are strategically important to the organization. To include post-employment clauses in all contracts is not a practical proposal.

42. The United Nations Office of Legal Affairs (OLA) has advised that the Legal Network which it manages is not part of the HLCM. OLA attends HLCM meetings in an observer capacity so that it can apprise the Legal Network during the annual meetings of issues under consideration by the HLCM networks which may be of interest from a legal perspective. Secondly, the Legal Network as understood by OLA excludes many of the legal offices of CEB or HLCM members, such as UNDP, UNICEF, UNFPA, UN-Women, the United Nations Office for Project Services and the Office of the United Nations High Commissioner for Refugees, so this recommendation would exclude them from participation in the recommended action. Bearing this in mind, UNDP highlights that recommendation 4 is not accepted.

43. *Recommendation 5* states that *executive heads of the United Nations system organizations who have not yet done so should take the necessary steps, no later than the end of December 2019, to: (a) ensure that all staff members, irrespective of their level and grade, successfully complete the initial and periodic mandatory ethics training course and obtain the respective certification; (b) link certification of the required ethics training course to the annual staff performance appraisal cycle; and (c) include ethics training in the induction training of non-staff, including refresher courses after service intervals, as appropriate.* UNDP is already implementing points (a) and (c). Concerning point (b), provided the course has been identified as mandatory, compliance and completion could be linked to the annual performance appraisal exercise. Bearing this in mind, UNDP accepts recommendation 5 and highlights that it is in progress.

G. Follow-up to 'Review of enterprise resource planning (ERP) systems in United Nations organizations' (JIU/ML/2017/1)

44. This management letter is a follow-up to a 2012 Joint Inspection Unit review of enterprise resource planning (ERP) (JIU/REP/2012/8). Through the management letter, the Unit requested the executive heads of participating organizations (including UNDP) to inform the Unit of any action taken individually or jointly to formulate cloud computing policies and/or frameworks including legal provisions to ensure data privacy, security and optimal use. This request relates to recommendation 4 of the 2012 review addressed for action to the Secretary-General as Chairperson of the CEB, stating that *the Secretary-General, in his capacity as Chairperson of the CEB, should direct the CEB HLCM to develop a common United Nations system policy regarding cloud-based solutions, before the end of 2014.*

45. In June 2013, a United Nations Special Interest Group on Information Security, a system-wide task force chaired by the UNDP Chief Information Security Officer, developed a white paper on a risk assessment framework for cloud computing entitled

"Use of Cloud Computing in the United Nations System; Recommendations for Risk Mitigation". The risk assessment framework was developed as an outcome of the discussion at the Information and Communication technology (ICT) Network on the need to establish a common approach for United Nations entities to assess and oversee risks from a holistic perspective. The white paper examines potential ICT risks associated with public cloud computing for agencies of the United Nations system. For the risks noted, it makes recommendations for actions or policies which might be taken to reduce the identified risks to acceptable levels. It uses ISO/IEC 27001, 27002 and 27005 (Information Security Risk Management) standards and ISO 31000:2009 (Risk Management Principles and Guidelines) principles. The scope of the white paper focuses on management, operational and technical information security risks stemming from public cloud computing services. Risks are identified and reviewed against threats arising from people, facilities and equipment, applications, communications, environmental software and operating systems in each of the primary domain areas defined in ISO 27001. The white paper is being widely used by United Nations entities.

III. Status of UNDP implementation of Joint Inspection Unit recommendations

46. In 2017, of the 35 recommendations of the Joint Inspection Unit directed at UNDP, 20 (57 per cent) have been implemented, 4 (11 per cent) are in progress, 7 (20 per cent) are under consideration, 3 (9 percent) are not relevant and 1 (3 percent) is not accepted. One of the three recommendations that are not relevant and the one that is not accepted are addressed to the UNDP Administrator and the management responses are presented as recommendations 1 and 4 respectively, respectively. Both sets of recommendations refer to the review of mechanisms and policies addressing conflict of interest in the United Nations system (JIU/REP/2017/9). The remaining two of the three recommendations that are not relevant are addressed to the Executive Board and the management responses to each recommendation are presented in annex II, Both refer to the review on donor-led assessment of the United Nations system organizations (JIU/REP/2017/2).

47. In accordance with General Assembly resolution 60/258 of 8 May 2006, in which the General Assembly requested the Joint Inspection Unit to enhance dialogue with participating organizations and thereby strengthen the implementation of its recommendations, the implementation status of relevant recommendations contained in reports issued in 2016 and 2015 are reported in annexes III and IV to the present report.

48. UNDP has implemented 32 (67 per cent) and is pursuing 12 (25 per cent) of the 48 relevant recommendations issued by the Joint Inspection Unit in 2016. Of the 12 recommendations in progress, 8 (67 per cent) are not under the sole remit of UNDP implementation but rather are for consideration by the CEB. Of the remaining four (of the eight) recommendations that are in progress, one will be implemented by the end of 2018 and three by the end of 2020. Of the 19 relevant recommendations issued in 2015, 13 (68 per cent) have been implemented and 6 (32 per cent) are in progress. All six recommendations that are in progress are not under the sole remit of UNDP for implementation; three are for consideration by the CEB and their implementation is subject to the outcome of the process of the reform of the United Nations development system. The implementation of the remaining three are a coordinated system-wide effort, as these refer to the organizational ombudsman services across the United Nations system. Further details are provided in the web-based follow-up system accessible to Member States.

49. UNDP is committed to following up the implementation of the remaining recommendations relevant to it and to continuing its contribution to the various future initiatives of the Joint Inspection Unit.